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CENTRAL INTELLIGENCE AGENCY

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REPORT

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Since 1945

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report containing background
information on economic planning in Poland during the years 1945 -

1958.

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C-O-N-F-I-D-E-N-T-I-A-L

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- 2 -

Introduction

1. During the period from 1946 to 1948, economic planning in Poland was entrusted to the Central Planning Office (Centralny Urzad Planowania), headed by Adam Wang. It was directly subordinate to Hilary Minc, who, as Minister of Industry and Commerce (Minister Przemyslu i Handlu), was the highest economic official in Poland. In 1949, the Central Planning Office was redesignated the State Planning Commission (Panstwowa Komisja Planowania Gospodarczego), but its subordination and functions remained the same. In 1957, the planning function was officially transferred to the lower economic echelons: the associations and the plants themselves; higher echelons were officially restricted to coordinating the plans submitted by the plants and associations.

Planning from 1946 to 1955

2. The most important figure in Polish economic planning was Adam Wang, who had received the degree of metallurgical engineer in the USSR during World War II and held the title of vice-minister from 1950 on. As general manager (dyrektor generalny) of the Central Planning Office and its successor, the State Planning Commission, at least through December 1958, he not only supervised directly every phase of planning in the 1946-1950 period, but personally wrote most of the details of the Three-Year (1947-1949) and Six-Year (1950-1955) Plans. He was highly respected by Polish economic leaders, who supported his Six-Year Plan with a great deal of enthusiasm. By 1951, however, Wang's influence was beginning to decline. Officially, he was still subordinate to Minc, but actually, Eugeniusz Szyr, who had spent the war years in the USSR, had come between them as Minc's deputy and had begun to act as chairman at important conferences of the State Planning Commission. In addition, an office headed by the former deputy premier, Minister Stefan Jedrychowski, who also was active in the USSR from 1939 to 1945, was introduced to represent the Central Committee of the Communist Party and restricted the freedom of both Wang and Minc.
3. By 1952, the State Planning Commission had grown from its original seven departments -- Administrative, Finance, Cooperation with Foreign Countries (Wspolpraca z Zagranica), and four technical departments -- to about twenty departments. The personnel had increased from 100 to 150 in 1948 to 2000 to 3000, but the number of qualified people had declined, since most of Wang's better assistants had taken high posts in other institutions. This decline, coupled with Szyr's influence, reduced the State Planning Commission to little more than an immense statistical library; almost no one had the ability and initiative to work independently. Consequently, almost every conference of the State Planning Commission -- and these were held almost continuously -- was attended by a large number of people, ranging from directors and planning engineers of individual plants to vice-ministers of the industrial ministries and representatives of the Communist Party, various personnel offices, and even the state police.
4. From 1953 to 1956, central planning was virtually nonexistent in Poland. The State Planning Commission had lost control completely; its directives were ignored by the ministries, the Party, and the army, and the Ministry of Finance refused to allocate the funds necessary to implement its plans. Planning, such as it was, was done in individual plants or association boards on a day-to-day basis, almost completely without coordination with other plants or industries. Central control was limited to the Council of Ministers and the Central Committee of the Communist Party dividing available funds among the various ministries and directing the Ministry of Finance to allocate the funds accordingly. The ministries could then use the funds as they chose.

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C-O-N-F-I-D-E-N-T-I-A-L

50X1-HUM

- 3 -

5. Until 1954, the lower echelons often went directly to the ministries or through the Central Committee of the Communist Party to the Council of Ministers to have their plans approved, completely bypassing the intermediate levels in the normal chain of command and ignoring the State Planning Commission. This practice was officially abolished in 1954, however, when the requirement was made that every plan go through channels -- plant or planning organization, central association board, ministry, State Planning Commission, and Council of Ministers -- and be passed by a special commission, including two experts, at each echelon. Plans were formulated in two parts: the so-called "premises of the project" (zalozenia projektowe) stage, outlining the plan in general terms, and a second stage containing the economic and technical details, workers' housing arrangements, and preliminary approval of the municipal and military authorities.

Planning in 1957-1958

6. In 1958, a Five-Year Plan, originally announced in 1956 but revised after the October 1956 uprising, was officially in progress in Poland. Even after the plan had been confirmed by the Sejm, however, officials of industry and the Party continued through 1958 to hold meetings and discussions on the plan, which resulted in many changes with respect to the direction and sphere of planning and annual quotas. Even plans for the mining, heavy, and chemical industries had not been definitely established. This was due primarily to the following factors:
- a. The ineffectiveness of the planning apparatus, as described above.
 - b. The failure to complete many of the projects and financial details of the previous Six-Year Plan.
 - c. The necessity for coordinating economic plans with those of the other Bloc countries in order to establish possibilities for orders and deliveries within the Bloc.
 - d. Government reorganization.
 - e. The undetermined armament situation, i.e., the question of whether Poland was going to be forced to arm with atomic weapons.
7. The economic reorganization of 1957-1958 was directed primarily toward restoring effective planning in Poland and cutting back the bureaucracy which had arisen in Warsaw. The planning function was officially transferred to the lower echelons -- the plants and association boards. Plans were to be submitted, in the form of recommendations, through the normal chain of command, with some form of coordination at each level. This was, however, largely a political maneuver. The planning function actually remained in the State Planning Commission, which had to pass on all plans and could accept, revise, or reject the recommendations of the lower echelons and initiate plans of its own.
8. The State Planning Commission was reduced in size to five or six departments and its personnel complement to 800 to 1000. A new innovation, in both the commission and the lower planning echelons, was the use of commissions, or planning by committee. All projects were examined in the State Planning Commission by a commission consisting of members from each department. In addition, a commission,

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

- 4 -

50X1-HUM

headed by Minister of Heavy Industry Keijstut Zemajtis, who had replaced Minc, and consisting of Wang, the industrial ministers, the political ministers, and representatives of the Party, was formed in the Planning Commission in September 1958. The purpose of this body, apparently, was to decide on long-term planning and to introduce elements of Bloc plans within the framework of CEMA. In September 1958, Vice-Minister Josef Salcewicz of the Ministry of Heavy Industry resigned after a meeting of this commission, for the avowed reason that the commission did not take his logical arguments into account and made serious changes, without even discussing them with him, in his plans. Decisions technically rendered by commissions, but in fact already made before the commission met, had become the rule by 1957. Such plans were often in surprising contrast to the opinions of experts in the sector concerned, and generally favored Bloc rather than Polish interests. Many leading persons in Polish planning organs were products of Moscow.

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9. Another body, the State Economic Council, which was working on the so-called "new economic pattern," had not yet achieved a clear role in Polish economic planning in December 1958. it might occupy the position formerly held by Minc (when he was simultaneously head of the Planning Office and in charge of all the industrial ministries) as a committee under the Council of Ministers, or it might be acting as coordinator of Polish planning with Bloc plans.
10. In addition to the official planning mechanisms, various other institutions in Poland engaged in economic planning on an unofficial basis. Even before 1956, small divisions for industry and commerce in the Party committees of provinces and the larger towns made plans. In 1958, this practice had expanded considerably and appeared to be assuming greater importance. Technical and scientific organizations were also encouraged to try their hands at planning. In the larger industrial towns and plants, chemical federations were organized and held meetings, lasting several days, for planning purposes. Planning commissions existed in each division of the Academy of Sciences.
11. The greatest part of the actual planning in Poland was done not by the official commissions, but by experts they retained. Since the number of experts was so limited, however, the same specialists were hired by various commissions in the same or related fields. Although the system resulted in an enormous loss in work, time, and money, it had, under the circumstances, some merit, in that a great number of persons in key positions saw the reports of the same experts. A similar situation resulted from the designation, beginning in 1957, of the Academy of Sciences as an official consultant of the State Planning Commission. Since there were almost none in the academy, it was often necessary to go to industry for technicians, and these had usually participated in the project in question at an earlier date.
12. The logical consequence of the complicated planning system in Poland was a waste of time. To obtain the authorization for a project successively from the plant management, the industrial association, the central administration board, the ministry, the State Planning Commission, and finally the Council of Ministers normally required one and a half to two years for a coke plant, two to three years for a low-temperature carbonization plant, and three to four years for

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C-O-N-F-I-D-E-N-T-I-A-L

50X1-HUM

- 5 -

a methanol synthesis plant. The final approval of a project, even twice at the highest levels, did not, moreover, guarantee its execution; two examples were the project for reconstruction of the low-temperature carbonization plant at Blachownia and that for construction of a similar plant at Konin. The time needed for planning a plant was roughly half that needed for construction.

13. Although industry in Poland was entirely nationalized, considerable rivalry still existed between various industries. Plans were often made by one industry or group of industries to the detriment of other industries. Until about 1952, discussion in and action by the State Power Council (Panstwowa Rada Energetyczna), directly subordinate to the Council of Ministers, counterbalanced these divergent tendencies. In 1956, the Council of Ministers established the Commission for the Planning of Raw Materials (Komisja Planowania Surowcow), in which power plans were to be discussed and settled. This commission was originally scheduled to complete its mission by June 1957, but it had not done so by the end of 1958, and all indications pointed to its continuance for a number of years. The commission's goal was primarily to establish a plan for the use of brown coal and for the supply of petroleum and olefins.

- a. The secretary of the commission was Taban (fnu), Vice-Minister of Chemical Industry. Other members were:

Director Laidler (fnu), Ministry of Chemical Industry
 Director Sobolewski (fnu), Ministry of Chemistry.
 Director Hosowicz (fnu), Ministry of Chemistry.
 Vice-Minister Jopek (fnu), Ministry of Mining Industry.
 Director Guthertz (fnu), Ministry of Mining.
 Professor Blasej Roga, Ministry of Mining Industry.
 Director Staszewski (fnu), Ministry of Mining Industry.
 Vice-Minister (subsequently consultant) Josef Salcewicz, Ministry of Heavy Industry.
 Director Stefan Rosinski, Ministry of Heavy Industry.
 Director Szpilewicz (fnu), Ministry of Heavy Industry.
 Director Kobos (fnu), Ministry of Heavy Industry.
 Director Jerzy Kowalski, Ministry of Heavy Industry.

- b. The following subcommissions were established:

Power Production, in Turow and Konin.
 Gasification of Lignite under Pressure.
 Carbonization of Lignite.
 Extraction of Montan Wax from Lignite.
 Xylite Processing.
 Planning of Mineral Oil Supply.
 Mineral Oil Processing.
 Olefin Production.

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14. With regard to planning for the whole Soviet Bloc, [redacted] some kind of coordinating central board existed for that purpose in addition to the CEMA organization. The permanent CEMA office in Moscow had delegates from all the satellite countries producing coke. The Soviet members of CEMA undoubtedly tried to exercise influence on the appointment of Polish industrial officials [redacted]

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50X1-HUM

- 6 -

50X1-HUM

[redacted] In 1957, the Polish delegate was Szpilewicz, but he was summoned home because of his anti-Gomulka attitude and left the Party. In June 1958, Kaczmarczyk (fnu), an engineer in the Coking Department of the Ministry of Heavy Industry, was appointed Polish delegate to CEMA, but as of October 1958 he had not yet received his Soviet visa.

15. The principle that every Bloc country should develop its industry mainly on the basis of its own raw materials was grossly violated as far as Poland was concerned. Exploitation of the abundant deposits of lignite, coal, and natural gas for creation of an adequate chemical industry was greatly neglected. Instead, although Poland lacked iron ore and coking coal, she was compelled to build up a huge, super-fluous metallurgical industry, which was at the mercy of Moscow for raw materials and practically was working for the USSR. One of the most flagrant examples of this Soviet influence on Polish planning was the Nowa Huta steel project, with a planned coking coal throughput of 16,000 tons per day (1958 capacity 6000 tons per day), representing more than 50 percent of Polish coking capacity. The project was forced through by the Soviets against Polish protests.
16. Poor planning during the 13 years since World War II and Soviet influence brought Poland to the unbalanced economic situation it was experiencing in 1958: too great capacity for coal production, too high output of iron and steel, and insufficiently developed chemical and machine industries.

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